

CONSUMER ALERT----NATURAL GAS PRICES

Jefferson City (July 3, 2000)--- With temperatures in the 80s and 90s, most consumers are not thinking of heating their homes this winter and what the price of natural gas will be. However, the Missouri Public Service Commission and natural gas local distribution companies in Missouri continue to caution citizens that natural gas rates may be significantly higher this winter heating season than last.

The wholesale cost of natural gas (the cost your local natural gas company must pay to its supplier for natural gas) is not regulated by the Missouri Public Service Commission. It is unregulated and its cost is primarily driven by supply and demand. The Missouri Public Service Commission does have regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

“We will continue to alert Missourians to the rising cost of natural gas so that they are prepared for what may be a significant increase in natural gas rates this winter,” stated Missouri Public Service Commission Chair Sheila Lumpe. “How significant that change may be is not known at this time but the current market shows us that natural gas prices are higher this summer than they have been in the recent past,” cautioned Chair Lumpe.

The chart below illustrates the commodity cost for 1,000 cubic feet of natural gas (1 Mcf) at various times during the past year as reported on the New York Mercantile Exchange:

June 1999:	\$2.23	April 2000:	\$2.90
October 1999:	\$2.57	May 2000:	\$3.09
January 2000:	\$2.34	June 2000:	\$4.41

Several factors are believed to be contributors to the current high cost of natural gas. Some of those factors include:

- *High crude oil prices
- *Natural gas inventories (storage) are significantly lower than last year
- * Increased demand for natural gas for electric generation and industry use

(More)

As a result of natural gas price spikes during the 1996-97 winter, the Missouri Public Service Commission and Missouri natural gas companies reached agreements which limit the number of times a natural gas company can change its rates to reflect changes in the wholesale cost of natural gas. This joint effort was developed to bring rate stability to Missouri natural gas customers.

Natural gas companies are limited to a winter natural gas filing (usually in October) and a summer natural gas filing (usually in April). A third, unscheduled filing, is allowed during the winter if the company experiences a substantial under or over collection of natural gas costs from customers.

Due to the significant rise in natural gas prices recently, local natural gas companies have indicated their interest to seek Commission permission to make a one-time, unscheduled summer season filing to reflect those dramatic market changes in natural gas costs. This would be done to not only more closely reflect market conditions but to also limit dramatic undercollections of natural gas costs that would have to be recouped from customers during the winter heating season. It is expected that filings may be made with the Commission in the near future.

The Missouri Public Service Commission and your local natural gas company will continue to provide information on natural gas prices as we head into the winter heating season.